

MTUBATUBA



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BUDGET OF

# Mtubatuba Local Municipality

2016/17 TO 2018/19  
MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS

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## Abbreviations and Acronyms

BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRa	Division of Revenue Act
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisation
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises
percent	Percentage

## 1.1. Mayors report

The Mayors report will be attached as annexures.

## 1.2 Resolutions

The Council of Mtubatuba Local Municipality met in the Council Chamber on the 31 May 2016 to consider the final budget for the 2017/2019 financial year. The Council approved and adopted the following resolutions:

1. The Council of Mtubatuba local Municipality, acting in terms of section 24 of the Municipal finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The Draft budget of the municipality for the financial year 2016/2017 and single year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted financial performance (revenue and expenditure by standard classifications) as contained in table 1.4.2 on page 8-9;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote )as contained in table 1.4.3 on page 10;
    - 1.1.3. Budgeted Financial Performance ( revenue by source and expenditure by type) as contained in table 1.4.3 on page 11-12;
    - 1.1.4. Single year capital appropriations by municipal vote and standard classifications and associated funding by source as contained in table 1.4.5 on page 13-14;
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in table 1.4.6 on page 15-16;
    - 1.2.2. Budgeted Cash Flows as contained in table 1.4.7 on page 17;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in table 1.4.8 on page 18;
    - 1.2.4. Asset management as contained in table 1.4.9 on page 19-21; and
    - 1.2.5. Basic service delivery measurement as contained in table 1.4.10 on page 22-23.
2. The Council of Mtubatuba Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
  - 2.1. The tariffs for property rates,
  - 2.2. The tariffs for solid waste services.
3. The Council of Mtubatuba Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services.
4. That the salaries, wages and allowances of employees be increased in accordance with the multi-year SALGBC wage agreement with effect from 1 July 2016.
5. All budget related policies as listed on paragraph 2.18

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipal financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Business and Service Delivery priorities were reviewed as part of this year planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial management. A critical review was also undertaken of expenditures on noncore and nice to have" items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers namely a rebate of 50percent to those with long outstanding debt when they arrange to pay their outstanding amount in three months, involving the attorneys for those that have means to pay but not paying. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following budget principles and guidelines directly informed the compilation of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF):

The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 draft budget.

The following table is a consolidated overview of the proposed 2016/17 Medium Term Revenue and Expenditure Framework

# 1.4 Annual Budget Tables

## 1.4.1 KZN275 Mtubatuba - Table A1 Budget Summary

KZN275 Mtubatuba - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	19,227	19,262	21,378	25,482	26,100	26,100	26,100	30,455	31,978	33,577
Service charges	5,023	4,501	4,857	7,472	5,760	5,760	5,760	6,011	6,312	6,627
Investment revenue	455	517	761	2,128	3,324	3,324	3,324	3,500	3,675	3,859
Transfers recognised - operational	54,436	66,869	91,532	125,711	124,711	124,711	124,711	127,839	140,761	148,868
Other own revenue	13,385	11,972	13,802	6,567	12,114	12,114	12,114	12,646	13,279	13,942
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>92,526</b>	<b>103,121</b>	<b>132,330</b>	<b>167,361</b>	<b>172,009</b>	<b>172,009</b>	<b>172,009</b>	<b>180,452</b>	<b>196,004</b>	<b>206,873</b>
Employee costs	32,558	39,181	41,571	46,146	45,754	45,754	45,754	48,318	50,611	53,124
Remuneration of councillors	8,579	10,594	7,209	11,022	11,219	11,219	11,219	11,219	11,780	12,369
Depreciation & asset impairment	11,014	13,134	16,287	16,520	16,520	16,520	16,520	18,500	19,425	20,396
Finance charges	978	1,077	1,151	442	442	442	442	200	210	221
Materials and bulk purchases	2,041	4,009	6,526	12,619	20,383	20,383	20,383	18,330	16,279	17,018
Transfers and grants	-	-	-	147	147	147	147	150	158	165
Other expenditure	36,529	52,587	39,392	48,360	53,720	53,720	53,720	61,677	64,780	68,018
<b>Total Expenditure</b>	<b>91,699</b>	<b>120,582</b>	<b>112,137</b>	<b>135,257</b>	<b>148,185</b>	<b>148,185</b>	<b>148,185</b>	<b>158,395</b>	<b>163,243</b>	<b>171,311</b>
<b>Surplus/(Deficit)</b>	<b>826</b>	<b>(17,461)</b>	<b>20,193</b>	<b>32,104</b>	<b>23,824</b>	<b>23,824</b>	<b>23,824</b>	<b>22,057</b>	<b>32,761</b>	<b>35,563</b>
Transfers recognised - capital	27,790	35,173	29,525	30,000	23,600	32,000	32,000	42,788	48,820	42,435
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>28,616</b>	<b>17,712</b>	<b>49,718</b>	<b>62,104</b>	<b>47,424</b>	<b>55,824</b>	<b>55,824</b>	<b>64,845</b>	<b>81,581</b>	<b>77,997</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>28,616</b>	<b>17,712</b>	<b>49,718</b>	<b>62,104</b>	<b>47,424</b>	<b>55,824</b>	<b>55,824</b>	<b>64,845</b>	<b>81,581</b>	<b>77,997</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>
Transfers recognised - capital	27,790	35,165	29,525	30,000	23,500	32,000	32,000	42,788	43,820	42,435
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3,669	-	2,390	18,250	18,522	18,522	18,522	15,802	1,083	2,923
<b>Total sources of capital funds</b>	<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>
<b>Financial position</b>										
Total current assets	17,663	14,856	35,212	74,866	96,422	80,607	80,607	83,226	112,013	135,210
Total non current assets	306,915	327,055	353,284	351,031	371,605	371,605	371,605	372,645	350,316	314,300
Total current liabilities	31,937	32,833	21,658	19,502	16,036	16,767	16,767	16,724	13,081	13,560
Total non current liabilities	6,133	7,319	6,849	9,816	6,423	6,423	6,423	11,901	12,854	13,121
Community wealth/Equity	286,509	301,760	359,988	396,579	445,569	429,022	429,022	427,246	436,395	422,829
<b>Cash flows</b>										
Net cash from (used) operating	34,911	34,141	46,258	74,240	60,028	44,213	44,213	70,334	83,270	78,614
Net cash from (used) investing	(25,382)	(33,795)	(31,954)	(48,250)	(42,022)	(42,022)	(42,022)	(58,590)	(44,903)	(45,358)
Net cash from (used) financing	(1,895)	(1,084)	(1,354)	(1,250)	(1,250)	(1,250)	(1,250)	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>1,633</b>	<b>895</b>	<b>13,844</b>	<b>29,483</b>	<b>29,939</b>	<b>14,124</b>	<b>14,124</b>	<b>25,868</b>	<b>64,235</b>	<b>97,492</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	1,633	895	13,844	29,483	29,939	14,124	14,124	25,868	64,235	97,492
Application of cash and investments	18,340	20,634	6,220	(8,680)	15,524	(34,621)	(34,621)	(22,300)	(21,559)	(16,471)
<b>Balance - surplus (shortfall)</b>	<b>(16,707)</b>	<b>(19,739)</b>	<b>7,625</b>	<b>38,162</b>	<b>14,415</b>	<b>48,745</b>	<b>48,745</b>	<b>48,168</b>	<b>85,794</b>	<b>113,963</b>
<b>Asset management</b>										
Asset register summary (WDV)	290,206	327,054	353,284	351,031	371,441	371,343	372,383	372,383	350,054	314,038
Depreciation & asset impairment	11,014	13,134	16,287	16,520	16,520	16,520	18,500	18,500	19,425	20,396
Renewal of Existing Assets	-	-	-	22,000	25,682	34,182	34,182	21,500	28,900	33,000
Repairs and Maintenance	2,041	4,009	6,526	12,619	20,383	20,383	18,330	18,330	16,279	17,018
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	2,700	2,700	2,700	2,700	2,700	3,780	3,969
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipal budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. This table provides an overview of the amounts approved by council for operating performance, resources deployed to Capital Expenditure, Financial Position, Cash and Funding Compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
  - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Municipality is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services delivery to the poor. The section of Free Services shows that the amount spent on Free Basic Services continue to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2018/19 the waste collection backlog will have been very nearly eliminated.

## 1.4.2 KZN275 Mtubatuba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN275 Mtubatuba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		79,513	89,098	118,087	108,310	113,925	113,925	108,104	132,347	134,476
Executive and council		—	—	—	22,338	22,338	22,338	30,583	30,222	31,733
Budget and treasury office		79,215	89,098	118,087	73,309	78,924	78,924	67,521	92,125	92,743
Corporate services		298	—	—	12,663	12,663	12,663	10,000	10,000	10,000
<b>Community and public safety</b>		4,840	9,255	10,968	27,513	29,836	29,836	25,950	25,274	26,038
Community and social services		4,840	4,936	7,187	19,152	19,633	19,633	16,086	15,599	15,880
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	4,319	3,780	8,361	10,203	10,203	9,864	9,675	10,158
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		32,388	36,933	29,525	43,762	36,372	44,772	72,581	71,869	72,693
Planning and development		7,656	55	—	4,286	4,296	4,296	6,870	7,874	8,192
Road transport		24,732	36,878	29,525	39,476	32,076	40,476	65,711	63,995	64,501
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		3,575	3,008	3,275	17,776	15,477	15,477	16,604	15,335	16,101
Electricity		—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		3,575	3,008	3,275	17,776	15,477	15,477	16,604	15,335	16,101
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Standard</b>	2	120,316	138,294	161,855	197,361	195,609	204,009	223,240	244,824	249,308
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		38,563	73,052	65,945	77,462	83,674	83,674	89,452	92,327	96,920
Executive and council		15,116	21,312	16,941	22,338	27,282	27,282	28,881	30,325	31,842
Budget and treasury office		21,301	43,960	38,203	41,911	41,374	41,374	45,255	47,538	49,913
Corporate services		2,146	7,781	10,801	13,213	15,018	15,018	15,315	14,464	15,165
<b>Community and public safety</b>		23,651	29,188	25,983	26,526	28,382	28,382	25,716	26,736	28,073
Community and social services		23,651	19,566	17,148	18,165	18,388	18,388	20,001	20,734	21,771
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	9,623	8,835	8,361	9,994	9,994	5,716	6,002	6,302
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		26,765	12,076	10,038	18,871	20,427	20,427	28,622	28,845	30,217
Planning and development		1,161	3,866	2,353	4,286	3,138	3,138	7,351	8,378	8,722
Road transport		25,604	8,210	7,685	14,585	17,289	17,289	21,271	20,467	21,495
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		2,721	6,265	10,171	12,398	15,702	15,702	14,604	15,335	16,101
Electricity		—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		2,721	6,265	10,171	12,398	15,702	15,702	14,604	15,335	16,101
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Standard</b>	3	91,699	120,582	112,137	135,257	148,185	148,185	158,395	163,243	171,311
<b>Surplus/(Deficit) for the year</b>		28,616	17,712	49,718	62,104	47,424	55,824	64,845	81,581	77,997

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.



2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the operational services (e.g. property rates) should exceed their expenditures, but not the Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

### 1.4.3 KZN275 Mtubatuba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN275 Mtubatuba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN275 Mtubatuba - Table A5 Budgeted Financial Performance (Revenue and expenditure by municipal vote)										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Executive and Council		–	–	–	22,338	22,338	22,338	30,583	30,222	31,733
Vote 2 - Budget and Treasury		79,215	89,098	118,087	73,309	78,924	78,924	67,521	92,125	92,743
Vote 3 - Corporate Services		298	–	–	12,663	12,663	12,663	10,000	10,000	10,000
Vote 4 - Community Services		4,840	4,936	7,187	19,152	19,633	19,633	16,086	15,599	15,880
Vote 5 - Planning and Economic Development		7,656	55	–	4,286	4,296	4,296	6,870	7,874	8,192
Vote 6 - Roads		24,732	36,878	29,525	39,476	32,076	40,476	65,711	63,995	64,501
Vote 7 - Licence and Permits		–	4,319	3,780	8,361	10,203	10,203	9,864	9,675	10,158
Vote 8 - Solid Waste		3,575	3,008	3,275	17,776	15,477	15,477	16,604	15,335	16,101
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	120,316	138,294	161,855	197,361	195,609	204,009	223,240	244,824	249,308
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		15,116	21,312	16,941	22,338	27,282	27,282	28,881	30,325	31,842
Vote 2 - Budget and Treasury		21,301	43,960	38,203	41,911	41,374	41,374	45,255	47,538	49,913
Vote 3 - Corporate Services		2,146	7,781	10,801	13,213	15,018	15,018	15,315	14,464	15,165
Vote 4 - Community Services		23,651	19,566	17,148	18,165	18,388	18,388	20,001	20,734	21,771
Vote 5 - Planning and Economic Development		1,161	3,866	2,353	4,286	3,138	3,138	7,351	8,378	8,722
Vote 6 - Roads		25,604	8,210	7,685	14,585	17,289	17,289	21,271	20,467	21,495
Vote 7 - Licence and Permits		–	9,623	8,835	8,361	9,994	9,994	5,716	6,002	6,302
Vote 8 - Solid Waste		2,721	6,265	10,171	12,398	15,702	15,702	14,604	15,335	16,101
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	91,699	120,582	112,137	135,257	148,185	148,185	158,395	163,243	171,311
Surplus/(Deficit) for the year	2	28,616	17,712	49,718	62,104	47,424	55,824	64,845	81,581	77,997

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

# 1.4.4 KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

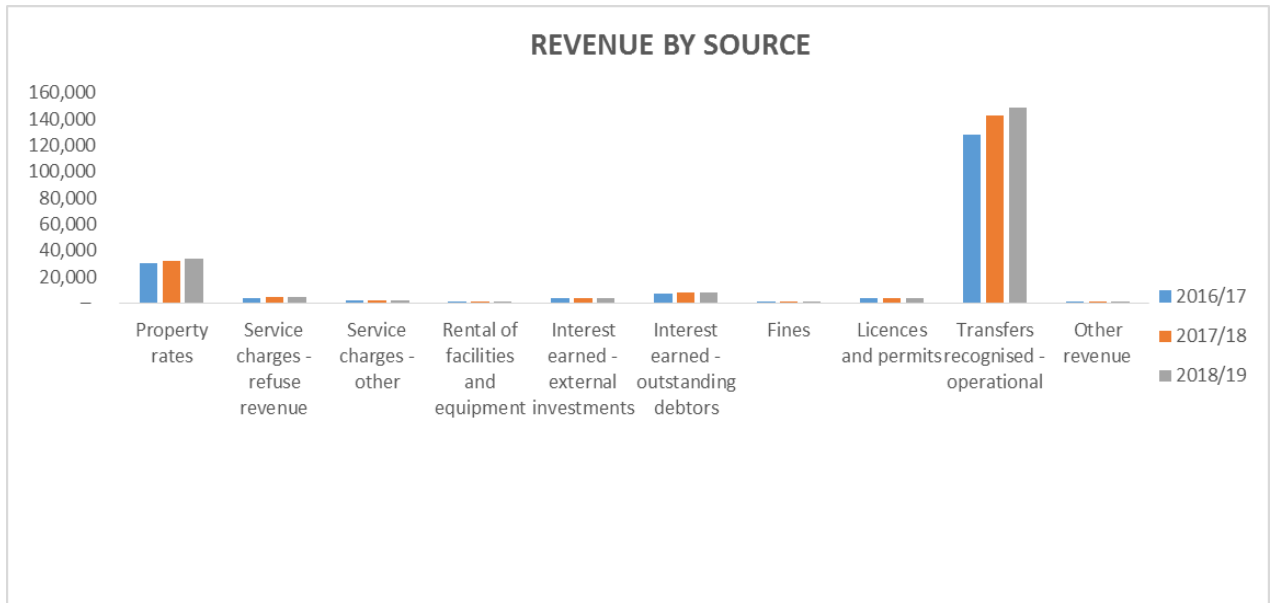
KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

NZN2/3 Information - Table A: Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	19,227	19,262	21,378	25,482	26,100	26,100	26,100	30,455	31,978	33,577
Service charges - refuse revenue	2	3,575	3,008	3,275	5,778	3,478	3,478	3,478	4,051	4,253	4,466
Service charges - other		1,448	1,493	1,582	1,694	2,282	2,282	2,282	1,961	2,059	2,162
Rental of facilities and equipment		216	221	239	262	186	186	186	206	216	227
Interest earned - external investments		455	517	761	2,128	3,324	3,324	3,324	3,500	3,675	3,859
Interest earned - outstanding debtors		4,126	5,688	6,730	3,262	6,955	6,955	6,955	7,302	7,667	8,051
Fines		2,321	1,531	1,282	202	1,304	1,304	1,304	1,356	1,424	1,495
Licences and permits		2,960	2,790	2,504	2,468	3,208	3,208	3,208	3,336	3,503	3,678
Transfers recognised - operational		54,436	66,869	91,532	125,711	124,711	124,711	124,711	127,839	140,761	148,868
Other revenue	2	2,640	1,740	3,047	373	461	461	461	445	468	491
Gains on disposal of PPE		1,122	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>92,526</b>	<b>103,121</b>	<b>132,330</b>	<b>167,361</b>	<b>172,009</b>	<b>172,009</b>	<b>172,009</b>	<b>180,452</b>	<b>196,004</b>	<b>206,873</b>
<b>Expenditure By Type</b>											
Employee related costs	2	32,558	39,181	41,571	46,146	45,754	45,754	45,754	48,318	50,611	53,124
Remuneration of councillors		8,579	10,594	7,209	11,022	11,219	11,219	11,219	11,219	11,780	12,369
Debt impairment	3	6,436	12,139	8,077	8,617	8,517	8,517	8,517	9,124	9,581	10,060
Depreciation & asset impairment	2	11,014	13,134	16,287	16,520	16,520	16,520	16,520	18,500	19,425	20,396
Finance charges		978	1,077	1,151	442	442	442	442	200	210	221
Other materials	8	2,041	4,009	6,526	12,619	20,383	20,383	20,383	18,330	16,279	17,018
Contracted services		9,289	9,629	10,339	13,904	16,612	16,612	16,612	18,817	19,758	20,746
Transfers and grants		-	-	-	147	147	147	147	150	158	165
Other expenditure	4, 5	20,804	29,325	20,939	25,840	28,591	28,591	28,591	33,735	35,442	37,212
Loss on disposal of PPE		-	1,494	37	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>91,699</b>	<b>120,582</b>	<b>112,137</b>	<b>135,257</b>	<b>148,185</b>	<b>148,185</b>	<b>148,185</b>	<b>158,395</b>	<b>163,243</b>	<b>171,311</b>
<b>Surplus/(Deficit)</b>		<b>826</b>	<b>(17,461)</b>	<b>20,193</b>	<b>32,104</b>	<b>23,824</b>	<b>23,824</b>	<b>23,824</b>	<b>22,057</b>	<b>32,761</b>	<b>35,563</b>
Transfers recognised - capital	6	27,790	35,173	29,525	30,000	23,600	32,000	32,000	42,788	48,820	42,435
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>28,616</b>	<b>17,712</b>	<b>49,718</b>	<b>62,104</b>	<b>47,424</b>	<b>55,824</b>	<b>55,824</b>	<b>64,845</b>	<b>81,581</b>	<b>77,997</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>28,616</b>	<b>17,712</b>	<b>49,718</b>	<b>62,104</b>	<b>47,424</b>	<b>55,824</b>	<b>55,824</b>	<b>64,845</b>	<b>81,581</b>	<b>77,997</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>28,616</b>	<b>17,712</b>	<b>49,718</b>	<b>62,104</b>	<b>47,424</b>	<b>55,824</b>	<b>55,824</b>	<b>64,845</b>	<b>81,581</b>	<b>77,997</b>
Share of surplus/ (deficit) of associate	7			-							
<b>Surplus/(Deficit) for the year</b>		<b>28,616</b>	<b>17,712</b>	<b>49,718</b>	<b>62,104</b>	<b>47,424</b>	<b>55,824</b>	<b>55,824</b>	<b>64,845</b>	<b>81,581</b>	<b>77,997</b>

## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total operating revenue budget for 2016/17 to 2018/19 has increased from R180.5 to R206.8, of which own revenue represent R52.6 million to R58.0 million which is translated to a 5 percent increase over the years.
- Revenue generated from property rates amounted to R30.4 million in the 2016/17 financial year which represents 17 percent of the total operating revenue basket of the municipal and therefore remains a significant funding source for the municipality and increases to R31.9 million by 2017/18 and R33.5 Million in 2018/19.
- Operating grants and transfers including Local Government Equitable Share totals R127.8 million in the 2016/17 financial year and steadily increases to R148.8 million by 2018/19.
- Grants receipts from National Government are increasing rapidly over the MTREF by 3 percent and by 11 percent in 2017/18 and 5 percent in 2018/19.

The percentage share of this revenue source declines in 2018/19 due to no provision for EPWP and Energy Efficient grants being allocated.



# 1.4.5 KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads		-	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	1,800	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	200	-	-
Vote 3 - Corporate Services		850	379	857	900	1,603	1,603	1,603	1,050	1,103	1,158
Vote 4 - Community Services		1,081	795	1,439	8,000	3,500	3,500	3,500	3,430	1,900	1,200
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads		29,529	33,992	29,620	27,200	27,982	36,482	36,482	49,460	41,900	43,000
Vote 7 - Public Safety		-	-	-	5,000	737	737	737	650	-	-
Vote 8 - Solid Waste		-	-	-	7,150	8,200	8,200	8,200	2,000	-	-
<b>Capital single-year expenditure sub-total</b>		<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>
<b>Total Capital Expenditure - Vote</b>		<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>850</b>	<b>473</b>	<b>857</b>	<b>900</b>	<b>1,603</b>	<b>1,603</b>	<b>1,603</b>	<b>3,050</b>	<b>1,103</b>	<b>1,158</b>
Executive and council		-	-	-	-	-	-	-	1,800	-	-
Budget and treasury office		-	-	-	-	-	-	-	200	-	-
Corporate services		850	473	857	900	1,603	1,603	1,603	1,050	1,103	1,158
<b>Community and public safety</b>		<b>1,081</b>	<b>-</b>	<b>1,439</b>	<b>13,000</b>	<b>4,237</b>	<b>4,237</b>	<b>4,237</b>	<b>4,080</b>	<b>1,900</b>	<b>1,200</b>
Community and social services		1,081	-	1,439	8,000	3,500	3,500	3,500	3,430	1,900	1,200
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	5,000	737	737	737	650	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>29,529</b>	<b>34,692</b>	<b>29,620</b>	<b>27,200</b>	<b>27,982</b>	<b>36,482</b>	<b>36,482</b>	<b>49,460</b>	<b>41,900</b>	<b>43,000</b>
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		29,529	34,692	29,620	27,200	27,982	36,482	36,482	49,460	41,900	43,000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7,150</b>	<b>8,200</b>	<b>8,200</b>	<b>8,200</b>	<b>2,000</b>	<b>-</b>	<b>-</b>
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	7,150	8,200	8,200	8,200	2,000	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>
<b>Funded by:</b>											
National Government		27,790	35,165	29,525	30,000	23,500	32,000	32,000	42,788	43,820	42,435
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>27,790</b>	<b>35,165</b>	<b>29,525</b>	<b>30,000</b>	<b>23,500</b>	<b>32,000</b>	<b>32,000</b>	<b>42,788</b>	<b>43,820</b>	<b>42,435</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>3,669</b>	<b>-</b>	<b>2,390</b>	<b>18,250</b>	<b>18,522</b>	<b>18,522</b>	<b>18,522</b>	<b>15,802</b>	<b>1,083</b>	<b>2,923</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>

## Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R58.5 million for the 2016/17 financial year and decrease by R44.9 million and R45.3 million for the outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
5. The capital programme is funded from Capital Grants and Transfers, and Internally generated funds from current year surpluses. For 2016/17, Capital Transfers amounts to R42.8 million and escalates to R43.8 million by 2017/18 and R42.4 million for 2018/19 in the MTREF. Internal generated funds to cover a shortfall in capital budget will be R15.8 million. The internal generated funds will arise from surpluses in the statement of financial performance.

### 1.4.6 KZN275 Mtubatuba - Table A6 Budgeted Financial Position

KZN275 Mtubatuba - Table A6 Budgeted Financial Position

KZN273 Mtubatuba - Table A0 Budgeted Financial Position											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		1,633	895	13,485	4,743	9,939	4,124	4,124	5,868	44,235	77,492
Call investment deposits	1	—	—	360	24,740	20,000	10,000	10,000	20,000	20,000	20,000
Consumer debtors	1	10,296	13,277	19,707	45,383	66,483	66,483	66,483	57,359	47,778	37,718
Other debtors		5,734	632	1,660	—	—	—	—	—	—	—
Current portion of long-term receivables		—	53	—	—	—	—	—	—	—	—
Inventory	2	—	—	—	—	—	—	—	—	—	—
Total current assets		17,663	14,856	35,212	74,866	96,422	80,607	80,607	83,226	112,013	135,210
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—	—
Investment property		25,684	37,322	45,832	25,684	45,832	45,832	45,832	45,832	45,832	45,832
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	264,382	288,287	306,109	325,347	325,347	325,347	325,347	326,387	304,058	268,041
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	1,021	1,021	—	—	—	—	—	—	—
Intangible		141	424	322	—	262	165	165	165	165	165
Other non-current assets		16,709	1	—	—	165	262	262	262	262	262
Total non current assets		306,915	327,055	353,284	351,031	371,605	371,605	371,605	372,645	350,316	314,300
TOTAL ASSETS		324,578	341,912	388,495	425,896	468,027	452,212	452,212	455,872	462,330	449,510
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	800	1,550	624	750	750	750	750	100	—	—
Consumer deposits		626	822	2,265	—	—	—	—	—	—	—
Trade and other payables	4	29,697	29,042	18,072	10,185	6,769	7,500	7,500	7,500	3,500	3,500
Provisions		813	1,420	697	8,566	8,517	8,517	8,517	9,124	9,581	10,060
Total current liabilities		31,937	32,833	21,658	19,502	16,036	16,767	16,767	16,724	13,081	13,560
Non current liabilities											
Borrowing		1,650	1,909	902	1,250	1,250	1,250	1,250	—	—	—
Provisions		4,483	5,410	5,948	8,566	5,173	5,173	5,173	11,901	12,854	13,121
Total non current liabilities		6,133	7,319	6,849	9,816	6,423	6,423	6,423	11,901	12,854	13,121
TOTAL LIABILITIES		38,069	40,152	28,508	29,318	22,459	23,190	23,190	28,625	25,935	26,680
NET ASSETS	5	286,509	301,760	359,988	396,579	445,569	429,022	429,022	427,246	436,395	422,829
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		272,031	301,760	359,988	337,062	394,693	378,146	378,146	427,246	436,395	422,829
Reserves	4	14,478	—	—	59,516	50,876	50,876	50,876	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	286,509	301,760	359,988	396,579	445,569	429,022	429,022	427,246	436,395	422,829

### Explanatory notes to Table A6 - Budgeted Financial Position

1. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
2. Supporting table SA3 providing a detailed analysis of the major components of a number of items, including: call on investment deposits, Consumer debtors, Property, Plant and Equipment, Trade and Other Payables, Provision for Non-Current and Current Liabilities, Change in net assets and Reserves.

3. The Municipal equivalent of Equity is Community Wealth. The justification is that ownership and the Net Assets of the Municipality belong to the community.
4. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position. The municipality has no intention to borrow in the 2017/18 financial year and has plan to settle to long term DBSA loan in full this financial year.

### 1.4.7 KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

KZN2/3 Mtubatuba - Table A/ Budgeted Cash Flows											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		19,980	15,809	12,179	16,865	21,360	21,360	21,360	18,273	19,369	20,532
Service charges		3,121	2,572	2,957	4,965	3,552	3,552	3,552	3,607	3,823	4,053
Other revenue		2,767	3,221	7,072	3,306	2,948	2,948	2,948	3,636	3,854	4,086
Government - operating	1	54,436	66,869	91,532	125,711	124,711	124,711	124,711	127,839	140,761	148,868
Government - capital	1	27,790	35,173	29,525	30,000	23,600	32,000	32,000	42,788	48,820	42,435
Interest		455	517	761	2,128	2,431	2,431	2,431	2,450	2,597	2,753
Dividends		-	-		-	-	-	-	-	-	-
Payments											
Suppliers and employees		(72,659)	(88,943)	(96,617)	(108,146)	(117,984)	(133,799)	(133,799)	(127,909)	(135,584)	(143,719)
Finance charges		(978)	(1,077)	(1,151)	(442)	(442)	(442)	(442)	(200)	(212)	(225)
Transfers and Grants	1		-		(147)	(147)	(147)	(147)	(150)	(159)	(169)
NET CASH FROM/(USED) OPERATING ACTIVITIES		34,911	34,141	46,258	74,240	60,028	52,613	52,613	70,334	83,270	78,614
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1,122	1,316	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(26,504)	(35,110)	(31,954)	(48,250)	(42,022)	(50,422)	(50,422)	(58,590)	(44,903)	(45,358)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25,382)	(33,795)	(31,954)	(48,250)	(42,022)	(50,422)	(50,422)	(58,590)	(44,903)	(45,358)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		192	196	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(2,088)	(1,280)	(1,354)	(1,250)	(1,250)	(1,250)	(1,250)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,895)	(1,084)	(1,354)	(1,250)	(1,250)	(1,250)	(1,250)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	7,634	(738)	12,949	24,740	16,756	941	941	11,744	38,368	33,256
Cash/cash equivalents at the year end:	2	(6,000)	1,633	895	4,743	13,183	13,183	13,183	14,124	25,868	64,235
Cash/cash equivalents at the year end:	2	1,633	895	13,844	29,483	29,939	14,124	14,124	25,868	64,235	97,492

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2016/17 MTREF provide for net increase in cash of R11.7 million. For the outer years is R38.4 Million and R33.3 million respectively.
4. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.



5. Cash and cash equivalents totals R25.8 million as at the end of the 2016/17 financial year and escalates to R64.2 million by 2017/18 and R97, 4 million on the 2018/19

#### 1.4.8 KZN275 Mtubatuba - Table A8 Cash backed reserves/accumulated surplus reconciliation

KZN275 Mtubatuba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	1,633	895	13,844	29,483	29,939	14,124	14,124	25,868	64,235	97,492
Other current investments > 90 days		(0)	(0)	(0)	0	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>1,633</b>	<b>895</b>	<b>13,844</b>	<b>29,483</b>	<b>29,939</b>	<b>14,124</b>	<b>14,124</b>	<b>25,868</b>	<b>64,235</b>	<b>97,492</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		14,052	9,780	3,269	6,685	3,269	4,000	4,000	4,000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	4,288	10,854	2,951	(25,365)	(38,621)	(38,621)	(38,621)	(26,300)	(21,559)	(16,471)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	10,000	50,876	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>18,340</b>	<b>20,634</b>	<b>6,220</b>	<b>(8,680)</b>	<b>15,524</b>	<b>(34,621)</b>	<b>(34,621)</b>	<b>(22,300)</b>	<b>(21,559)</b>	<b>(16,471)</b>
<b>Surplus(shortfall)</b>		<b>(16,707)</b>	<b>(19,739)</b>	<b>7,625</b>	<b>38,162</b>	<b>14,415</b>	<b>48,745</b>	<b>48,745</b>	<b>48,168</b>	<b>85,794</b>	<b>113,963</b>

#### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 the municipality has R48.2 million as surplus and escalate to R85.7 million to R113.9 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 draft MTREF was properly funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

# 1.4.9 KZN275 Mtubatuba - Table A9 Asset Management

KZN275 Mtubatuba - Table A9 Asset Management

KZN2/5 Mtubatuba - Table A9 Asset management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	31,459	35,165	31,915	26,250	16,340	16,340	37,090	16,003	12,358
Infrastructure - Road transport		16,487	16,487	15,051	3,400	-	-	-	-	-
Infrastructure - Electricity		10,364	10,364	3,100	-	-	-	14,000	13,000	10,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	612	-	5,000	1,500	1,500	-	-	-
Infrastructure		26,851	27,462	18,151	8,400	1,500	1,500	14,000	13,000	10,000
Community		3,278	6,293	8,078	4,500	4,000	4,000	13,700	1,200	1,200
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1,331	1,410	5,687	13,350	10,840	10,840	9,390	1,803	1,158
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	22,000	25,682	34,182	21,500	28,900	33,000
Infrastructure - Road transport		-	-	-	18,800	22,482	30,982	14,500	20,400	20,000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	3,200	3,200	3,200	-	-	-
Infrastructure		-	-	-	22,000	25,682	34,182	14,500	20,400	20,000
Community		-	-	-	-	-	-	3,500	3,500	3,500
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	3,500	5,000	9,500
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		16,487	16,487	15,051	22,200	22,482	30,982	14,500	20,400	20,000
Infrastructure - Electricity		10,364	10,364	3,100	-	-	-	14,000	13,000	10,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	612	-	8,200	4,700	4,700	-	-	-
Infrastructure		26,851	27,462	18,151	30,400	27,182	35,682	28,500	33,400	30,000
Community		3,278	6,293	8,078	4,500	4,000	4,000	17,200	4,700	4,700
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1,331	1,410	5,687	13,350	10,840	10,840	12,890	6,803	10,658
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	31,459	35,165	31,915	48,250	42,022	50,522	58,590	44,903	45,358
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	161,005	180,490	181,242	284,478	284,478	284,478	285,518	263,189	227,172
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		3	2	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		66,147	64,964	30,991	23,769	23,769	23,769	23,769	23,769	23,769
Infrastructure		227,155	245,457	212,233	308,247	308,247	308,247	309,287	286,958	250,941
Community		31,933	42,829	52,008	6,250	6,250	6,250	6,250	6,250	6,250
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		25,684	37,322	45,832	25,684	45,832	45,832	45,832	45,832	45,832
Other assets		5,294	1	41,867	10,850	10,850	10,850	10,850	10,850	10,850
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	1,021	1,021	-	-	-	-	-	-
Intangibles		141	424	322	-	262	165	165	165	165
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	290,206	327,054	353,284	351,031	371,441	371,343	372,383	350,054	314,038
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>		11,014	13,134	16,287	16,520	16,520	16,520	18,500	19,425	20,396
<u>Repairs and Maintenance by Asset Class</u>	3	2,041	4,009	6,526	12,619	20,383	20,383	18,330	16,279	17,018
Infrastructure - Road transport		2,041	4,009	2,398	6,500	11,810	11,810	10,100	8,505	8,930
Infrastructure - Electricity		-	-	400	1,000	500	500	1,500	1,575	1,654
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		2,041	4,009	2,798	7,500	12,310	12,310	11,600	10,080	10,584
Community		-	-	400	2,150	2,631	2,631	4,000	4,593	4,747
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	3,328	2,969	5,443	5,443	2,730	1,607	1,687
TOTAL EXPENDITURE OTHER ITEMS		13,055	17,143	22,814	29,139	36,903	36,903	36,830	35,704	37,414
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	45.6%	61.1%	67.7%	36.7%	64.4%	72.8%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	133.2%	155.5%	206.9%	116.2%	148.8%	161.8%
R&M as a % of PPE		0.8%	1.4%	2.1%	3.9%	6.3%	6.3%	5.6%	5.4%	6.3%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	10.0%	12.0%	15.0%	11.0%	13.0%	16.0%

### **Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of assets, as well as spending on repairs and maintenance by asset class.
2. It also present the assets register summary.
3. The Assets register must reconcile to Budgeted Financial Position written down value
4. The budgeted asset was prepared on the basis that assets will increase over the medium term due to capital expenditure less accumulated depreciation for assets.

# 1.4.10 KZN275 Mtubatuba - Table A10 Basic service delivery measurement

KZN275 Mtubatuba - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	2,700	2,700	2,700	2,700	3,780	3,969
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	-	-	-	2,700	2,700	2,700	2,700	3,780	3,969

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. It is estimated that there are 6304 households in Mtubatuba Municipal Jurisdiction.
3. It is anticipated that Free Basic Services will cost the municipality R150 thousand in 2016/17, increase to R157 thousand in 2017/18 and 165 thousand in 2018/19. This is covered by the municipality's equitable share allocation from national government.
4. Free basis service relate to subsidy to electricity charge for households.
5. The Municipality encourage unemployed resident to register as indigent in order to benefit from other services.
6. Information for other services that the Municipality is not providing was taken from the district.

## **PART2- SUPPORTING DOCUMENTATION**

### **2.1 . Overview of Annual Budget Process**

- a) The Accounting Officer with the assistance of the Chief Financial Officer and the manager responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.
- b) The Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
- c) The IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- d) The Mayor shall convene a strategic workshop in September/October with the other councillors and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
- e) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- f) The Mayor shall table the draft IDP and draft MTREF budget to council at least 90 days before the start of the new budget year, together with the draft resolutions on approval of the budget and municipal tariffs and taxes, budget related policies (policies on tariff setting, property rates, credit control, debt collection, indigents, investment and cash management, borrowings, etc.) and any document as may be prescribed.
- g) The budget must be in the prescribed format and must be divided into capital and operating budgets. The prescribed format of the budget must capture the projected revenue and expenditure for the two financial years following the budget year, the estimated revenue and expenditure for the current year and the actual (audited)

revenue and expenditure for the preceding financial years as per prescription by National Treasury.

- h) The budget must reflect the realistically expected revenues by major source and appropriate expenditure under the different votes for the budget year concerned.

## **2.2. Overview of budget assumption.**

The budget is prepared on the going concern basis which assume that this municipality will continue to provide services for the foreseeable future. Historical information and result play an important role in drafting the budget.

## **2.3 Overview of Budget Funding**

1.2.1. In accordance with the provisions of Section 18(1) of the MFMA, an annual budget may be funded only from:

- a. Realistically anticipated revenues to be collected;
- b. Cash-backed accumulated funds from previous years' surpluses not committed for other purposes;
- c. Borrowed funds, but only for capital projects.

1.2.2 Realistically anticipated revenues to be received from national or provincial government, national or public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds, as provided by Regulation 10 (2) of the Municipal Budget and Reporting Regulations

## 2.4. Expenditure on allocation and grant programmes

KZN275 Mtubatuba - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>51,053</b>	<b>65,284</b>	<b>88,148</b>	<b>122,993</b>	<b>121,993</b>	<b>121,993</b>	<b>125,076</b>	<b>137,882</b>	<b>145,839</b>
Local Government Equitable Share		48,753	60,744	81,379	116,487	116,487	116,487	120,328	132,738	141,977
Finance Management		1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900	2,155
Municipal Systems Improvement		800	890	934	930	930	930	-	-	-
Energy Efficiency and Demand Management		-	-	1,500	2,000	1,000	1,000	-	-	-
EPWP Incentive		-	1,000	1,059	1,000	1,000	1,000	1,408	1,622	-
Municipal Infrastructure Grant Operational			1,000	1,476	776	776	776	1,515	1,622	1,707
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>2,410</b>	<b>2,605</b>	<b>2,552</b>	<b>2,718</b>	<b>2,718</b>	<b>2,718</b>	<b>2,763</b>	<b>2,879</b>	<b>3,029</b>
Community Library Service		150	240	252	340	340	340	358	377	396
Provincialisation Of Libraries		2,110	2,215	2,300	2,378	2,378	2,378	2,405	2,502	2,633
Department of Sport Caretakers		150	150	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		<b>53,463</b>	<b>67,889</b>	<b>90,700</b>	<b>125,711</b>	<b>124,711</b>	<b>124,711</b>	<b>127,839</b>	<b>140,761</b>	<b>148,868</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>30,858</b>	<b>32,223</b>	<b>28,048</b>	<b>30,000</b>	<b>23,600</b>	<b>32,000</b>	<b>42,788</b>	<b>48,820</b>	<b>42,435</b>
Municipal Infrastructure Grant (MIG)		20,858	24,223	28,048	30,000	23,600	32,000	28,788	30,820	32,435
National Electrification Programme		10,000	8,000	-	-	-	-	14,000	13,000	10,000
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	5,000	-
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		<b>4,834</b>	<b>45</b>	<b>1,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DSR-Sport facilities(Infrastructure)		4,834	45	1,575	-	-	-	-	-	-
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		<b>35,692</b>	<b>32,268</b>	<b>29,623</b>	<b>30,000</b>	<b>23,600</b>	<b>32,000</b>	<b>42,788</b>	<b>48,820</b>	<b>42,435</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>89,155</b>	<b>100,157</b>	<b>120,323</b>	<b>155,711</b>	<b>148,311</b>	<b>156,711</b>	<b>170,627</b>	<b>189,581</b>	<b>191,303</b>

The above table depict budget expenditure on grant programme.

## 2.5. Allocations and grants made by the Municipality

The municipality only made grant of free basic electricity to group of individuals registered as indigent. That indigent register with beneficiaries is submitted by ESKOM to the municipality.



## 2.6. Councillors and board members allowances and employees benefits

KZN275 Mtubatuba - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		8,579	7,707	7,146	7,503	7,717	7,717	7,636	8,283	8,697
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	2,359	2,379	2,501	2,572	2,572	2,629	2,761	2,899
Cellphone Allowance		—	528	976	1,018	930	930	954	1,002	1,052
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>8,579</b>	<b>10,594</b>	<b>10,502</b>	<b>11,022</b>	<b>11,219</b>	<b>11,219</b>	<b>11,219</b>	<b>12,046</b>	<b>12,648</b>
<b>% increase</b>	4		<b>23.5%</b>	<b>(0.9%)</b>	<b>5.0%</b>	<b>1.8%</b>	<b>—</b>	<b>—</b>	<b>7.4%</b>	<b>5.0%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		1,672	4,950	3,478	2,924	2,924	2,924	5,163	5,473	5,802
Pension and UIF Contributions		—	—	—	—	—	—	91	96	102
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	542	329	625	625	625	—	—	—
Motor Vehicle Allowance	3	511	—	411	808	808	808	386	409	434
Cellphone Allowance	3	600	132	102	120	120	120	51	54	58
Housing Allowances	3	—	—	218	554	554	554	188	199	211
Other benefits and allowances	3	724	68	—	741	741	741	203	216	229
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>3,507</b>	<b>5,692</b>	<b>4,538</b>	<b>5,771</b>	<b>5,771</b>	<b>5,771</b>	<b>6,083</b>	<b>6,448</b>	<b>6,835</b>
<b>% increase</b>	4		<b>62.3%</b>	<b>(20.3%)</b>	<b>27.2%</b>	<b>—</b>	<b>—</b>	<b>5.4%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		18,294	25,037	13,000	22,263	27,688	27,688	24,671	26,151	27,720
Pension and UIF Contributions		3,807	4,597	4,704	6,877	5,791	5,791	5,767	6,113	6,480
Medical Aid Contributions		1,409	2,613	2,181	4,125	2,719	2,719	2,861	3,004	3,154
Overtime		2,245	249	645	2,032	3,485	3,485	850	892	937
Performance Bonus		1,557	3,098	2,307	—	—	—	2,383	2,502	2,628
Motor Vehicle Allowance	3	3,978	3,587	2,907	2,492	4,684	4,684	2,696	2,857	3,029
Cellphone Allowance	3	35	—	120	124	124	124	4	4	4
Housing Allowances	3	303	—	617	1,587	299	299	790	829	871
Other benefits and allowances	3	931	—	1,496	1,855	963	963	8,197	8,688	9,210
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	100	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>32,559</b>	<b>39,181</b>	<b>27,977</b>	<b>41,354</b>	<b>45,754</b>	<b>45,754</b>	<b>48,318</b>	<b>51,043</b>	<b>54,033</b>
<b>% increase</b>	4		<b>20.3%</b>	<b>(28.6%)</b>	<b>47.8%</b>	<b>10.6%</b>	<b>—</b>	<b>5.6%</b>	<b>5.6%</b>	<b>5.9%</b>
<b>Total Parent Municipality</b>		<b>44,645</b>	<b>55,467</b>	<b>43,017</b>	<b>58,148</b>	<b>62,744</b>	<b>62,744</b>	<b>65,621</b>	<b>69,537</b>	<b>73,516</b>
			<b>24.2%</b>	<b>(22.4%)</b>	<b>35.2%</b>	<b>7.9%</b>	<b>—</b>	<b>4.6%</b>	<b>6.0%</b>	<b>5.7%</b>
<b>Board Members of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Board Fees		—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Board Members of Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% increase</b>	4		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% increase</b>	4		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Staff of Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% increase</b>	4		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Municipal Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>44,645</b>	<b>55,467</b>	<b>43,017</b>	<b>58,148</b>	<b>62,744</b>	<b>62,744</b>	<b>65,621</b>	<b>69,537</b>	<b>73,516</b>
<b>% increase</b>	4		<b>24.2%</b>	<b>(22.4%)</b>	<b>35.2%</b>	<b>7.9%</b>	<b>—</b>	<b>4.6%</b>	<b>6.0%</b>	<b>5.7%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5.7	<b>36,066</b>	<b>44,873</b>	<b>32,515</b>	<b>47,126</b>	<b>51,525</b>	<b>51,525</b>	<b>54,401</b>	<b>57,491</b>	<b>60,868</b>

The above table depict expenditure on allowances for councillors and employee related cost.

## 2.7 Monthly targets for revenue, Expenditure and Cash flows

The following table is a consolidated overview of the proposed 2016/17 Medium Term Revenue and Expenditure Framework

**Table2.7.1 Consolidated Overview of the 2016/17 MTREF**

<b>KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>				
<b>Description</b>		<b>2016/17 MTREF</b>		
<b>R thousand</b>	<b>Adjusted Budget</b>	<b>Budget Year 2016/17</b>	<b>Budget Year +1 2017/18</b>	<b>Budget Year +2 2018/19</b>
<b>Revenue By Source</b>				
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>172,009,189</b>	<b>180,451,682</b>	<b>196,004,358</b>	<b>206,873,414</b>
<b>Total Operating Expenditure</b>	<b>148,185,163</b>	<b>158,394,519</b>	<b>163,243,243</b>	<b>171,310,908</b>
<b>Surplus</b>	<b>23,824,026</b>	<b>22,057,163</b>	<b>32,761,115</b>	<b>35,562,506</b>
<b>Total Capital Expenditure</b>	<b>50,022,278</b>	<b>58,590,000</b>	<b>44,902,500</b>	<b>45,357,625</b>

Total Operating Revenue has increased by 5 percent or R8.4 million for the 2016/17 financial year when compared to the 2015/16 adjustment budget. For the two outer years, operational revenue will increase by 9 percent or R15.6 million and 6 percent or R10.9 million respectively, equating to a total revenue growth of R34.8 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year have been appropriated at R158.3 million and result in a budgeted surplus of R22.0 million. When compared to the 2015/16 adjustment budget, operational expenditure have increase by 7 percent in 2016/17 and the outer years by 3 percent and 5 percent. The operating surplus for the two outer years increased to R32.7 million and R35.6 respectively. A cash backed portion of this surplus will be used to fund capital expenditure over these years.

The capital expenditure in 2016/17 financial year has increased by 17 percent or R8.5 million when compared to the 2015/16 adjustment budget. There is a slight difference between capital expenditure on new assets and capital expenditure on repair and upgrade of existing infrastructure which has deteriorated over years. Capital expenditure reflect a decrease of R13.7 million in 2017/18 and an increase of by R455 thousand in 2018/19 financial years. The other portion of the capital expenditure will be funded internally by the surplus reflected on the statement of financial performance. The municipality is at this stage not intending to borrow to fund capital project because it has available cash and reserves.

## 2.8. Operating Revenue Framework

Mtubatuba local Municipality will continue to improve the quality of services that its provided to its citizens, therefore it need to generate much needed revenue. A strong revenue management is fundamental to the financial sustainability of each municipality. The reality is that residents are faced with high unemployment and poverty within Mtubatuba jurisdiction hence the greater part of Mtubatuba is rural communal land. Given the above mention drawback, it is hard for the municipality to generate its own revenue without being grant dependent. The expenditure required to address these challenges will inevitable exceed available funding (resource constraint) hence difficult choices have to be made to balance expenditure against realistic anticipated revenue.

The municipality revenue strategy is built around the key components:

- National Treasury guidelines and macroeconomics;
- Efficient revenue management which aim to ensure a 60 percent annual collection rate for property rates, on refuse revenue, Security services revenue and different rate on other key service charges;
- Prior collection rate for all services
- The Municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) as amended;
- Free Basic Services on Electricity on designated households
- The municipality's indigent policy ; and
- Tariff policy of the municipality.
- Debt Management and Credit Control Policy

The following table is the summary of the 2016/2017 MTREF

**Table 2.8.1 summary of revenue classified by main revenue sources**

KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>								
Property rates	21,378	25,482	26,100	26,100	26,100	30,455	31,978	33,577
Service charges - refuse revenue	3,275	5,778	3,478	3,478	3,478	4,051	4,253	4,466
Service charges - other	1,582	1,694	2,282	2,282	2,282	1,961	2,059	2,162
Rental of facilities and equipment	239	262	186	186	186	206	216	227
Interest earned - external investments	761	2,128	3,324	3,324	3,324	3,500	3,675	3,859
Interest earned - outstanding debtors	6,730	3,262	6,955	6,955	6,955	7,302	7,667	8,051
Fines	1,282	202	1,304	1,304	1,304	1,356	1,424	1,495
Licences and permits	2,504	2,468	3,208	3,208	3,208	3,336	3,503	3,678
Transfers recognised - operational	91,532	125,711	124,711	124,711	124,711	127,839	142,383	148,868
Other revenue	3,047	373	461	461	461	445	468	491
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>132,330</b>	<b>167,361</b>	<b>172,009</b>	<b>172,009</b>	<b>172,009</b>	<b>180,452</b>	<b>197,626</b>	<b>206,873</b>

Figures to the above table are rounded off to the nearest R'000.

**Table 2.8.2 Percentage growth in revenue by main revenue source**

Description			2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>Revenue By Source</b>								
Property rates	26,100	15.2%	30,455	16.9%	31,978	16.2%	33,577	16.2%
Service charges - refuse revenue	3,478	2.0%	4,051	2.2%	4,253	2.2%	4,466	2.2%
Service charges - other	2,282	1.3%	1,961	1.1%	2,059	1.0%	2,162	1.0%
Rental of facilities and equipment	186	0.1%	206	0.1%	216	0.1%	227	0.1%
Interest earned - external investments	3,324	1.9%	3,500	1.9%	3,675	1.9%	3,859	1.9%
Interest earned - outstanding debtors	6,955	4.0%	7,302	4.0%	7,667	3.9%	8,051	3.9%
Fines	1,304	0.8%	1,356	0.8%	1,424	0.7%	1,495	0.7%
Licences and permits	3,208	1.9%	3,336	1.8%	3,503	1.8%	3,678	1.8%
Transfers recognised - operational	124,711	72.5%	127,839	70.8%	142,383	72.0%	148,868	72.0%
Other revenue	461	0.3%	445	0.2%	468	0.2%	491	0.2%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>172,009</b>	<b>100%</b>	<b>180,452</b>	<b>100%</b>	<b>197,626</b>	<b>100%</b>	<b>206,873</b>	<b>100%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as the inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The main revenue that Mtubatuba Municipality has generated comes from Operating Grants. Operating grants constitute a 71 percent of the total revenue in 2016/17 financial year and for the outer years 72 percent respectively. Operating Grants comprises of Equitable Share, Municipal System Improvement Grant, Municipal Finance Management Grant, Provincialization of Libraries, MTB Library-Cadet, Extended Public Works Program, National Electrification-Operational and Municipal Infrastructure Grant-Operational.

Revenue generated from **Property Rates** is the second highest revenue source for revenue basket of the Municipality. Although there is a slight increase over the MTREF; it is still the highest out of the total internal generated funds. When compared to the adjustment budget, it 17 percent of the total operating revenue and has increase by 5 percent in the 2016/17 financial year and 5 percent in other outer years respectively. This increase is due to new valuation roll which reflect an increase in the value of properties and the number of properties. The municipality will strengthen it collection strategy which will result in reduction of debt and improve cash-flow. This systems include data cleansing which will help us locate people which were previously not billed and the hiring of the Revenue Manager to play the his/her role over the revenue section.

Revenue from **Refuse removal** represent 2.2 percent of the total operating budget. This budget reflect an increase by 4 percent in the 2016/17 when compared to the adjustment budget; for the outer years it will increase by 5 percent respectively. The increase in Refuse Revenue is as a result of a projected increase in the number of households within the municipal jurisdiction. The Municipality has taken into account its new valuation role in preparing the 2016/17 budget.

**Services Charges-Other** represent 1.1 percent of the total operating budget. The budget remain flat in 2016/17 financial year when compared to the 2015/16 adjustment budget. For outer years it will increase by 5 percent respectively. Services Charges Other arise from the security services that the municipality is providing in St Lucia residents. Even though the cost of providing this service exceeds the benefits, the municipality is in the process of negotiating the terms of the contract with the parties concerned.

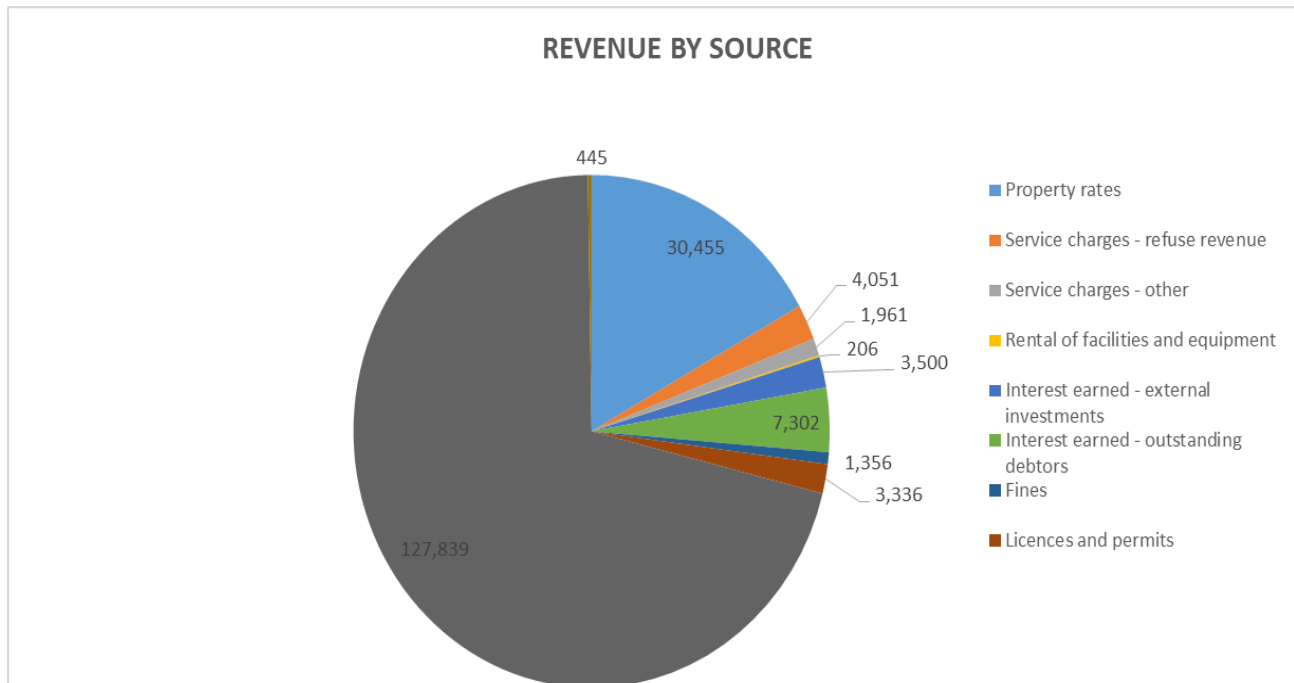
**Rental of facilities and Equipment** reflect an increase of 10 percent in the 2016/17 financial year when compared to the adjustment budget. For outer years it will increase by 5 percent respectively. The slight increase is due to anticipated demand of community facilities such as hall hire, site leases.

**Interest Earned-External Investment** budget reflect an increase of 5 percent in the 2016/17 financial year and the outer years to increase by 5 percent respectively. The projected investment is estimated at R30 million in the 2016/17 financial year.

**Interest Earned-Outstanding Debtors** represent 4 percent of total revenue and the budget has increased by 4 percent in the 2016/17 financial year when compared to the 2015/16 adjustment budget and 5 percent in the outer years respectively.

Fines, Licence and Permits will increase by 4 percent in the 2016/17 financial year when compared to the 2015/16 adjustment budget.

**Other Revenue** budget has decreased by 3 percent in the 2016/17 financial year when compared to the adjustment budget and it will increase by 4 percent for outer years. Included in Other Revenue are burial fees, search fees, rate clearance certificate, building plan fees and sale of bid documents.



## 2.9. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance.

The following stipulations in the Property Rates Policy are highlighted:

- The first R60 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA and the Mtubatuba Municipal Property Rate Policy as approved by the council.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The Phasing out of the Public Service Infrastructure (PSI) for five years.

The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

**Table 2.9.1 Comparison of the proposed rates to be levied for the 2016/17 financial year.****KZN275 Mtubatuba - Supporting Table SA13a Service Tariffs by category**

Description	Provide description of tariff structure where appropriate	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Property rates</b> <i>(rate in the Rand)</i>							
Residential properties							
Residential properties - vacant land	VACANT STAND	0.0068	0.0072	0.0076	0.0079	0.0083	0.0083
Farm properties - used	AGRICULTURE	0.0017	0.0018	0.0019	0.0020	0.0021	0.0022
Industrial properties	HOSPITALITY INDUSTRY	0.0119	0.0126	0.0132	0.0138	0.0144	0.0152
Communal land - residential	RESIDENTIAL	0.0068	0.0072	0.0076	0.0079	0.0083	0.0087
Communal land - business and commercial	BUSINESS/COMMERCIAL	0.0119	0.0126	0.0132	0.0138	0.0144	0.0151
Public service infrastructure	PUBLIC SERVICE	0.0017	0.0018	0.0019	0.0020	0.0021	0.0022

## 2.10. Operating Expenditure Framework

The Municipal expenditure framework for the 2016/17 budget and MTREF is informed by the following:

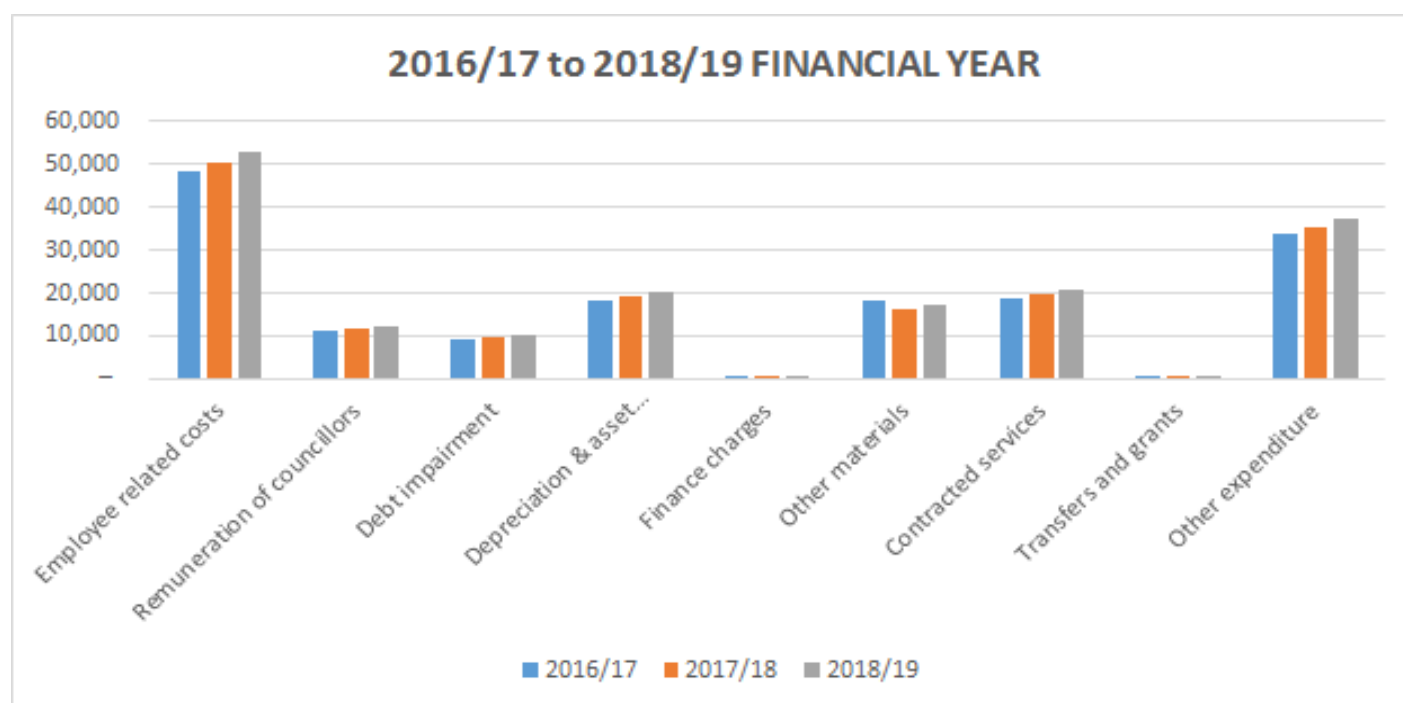
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

**Table 2.10.1 Summary of operating expenditure by standard classification item**

# MTUBATUBA LOCAL MUNICIPALITY- BUDGET FOR 2016/17 FINANCIAL YEAR

KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

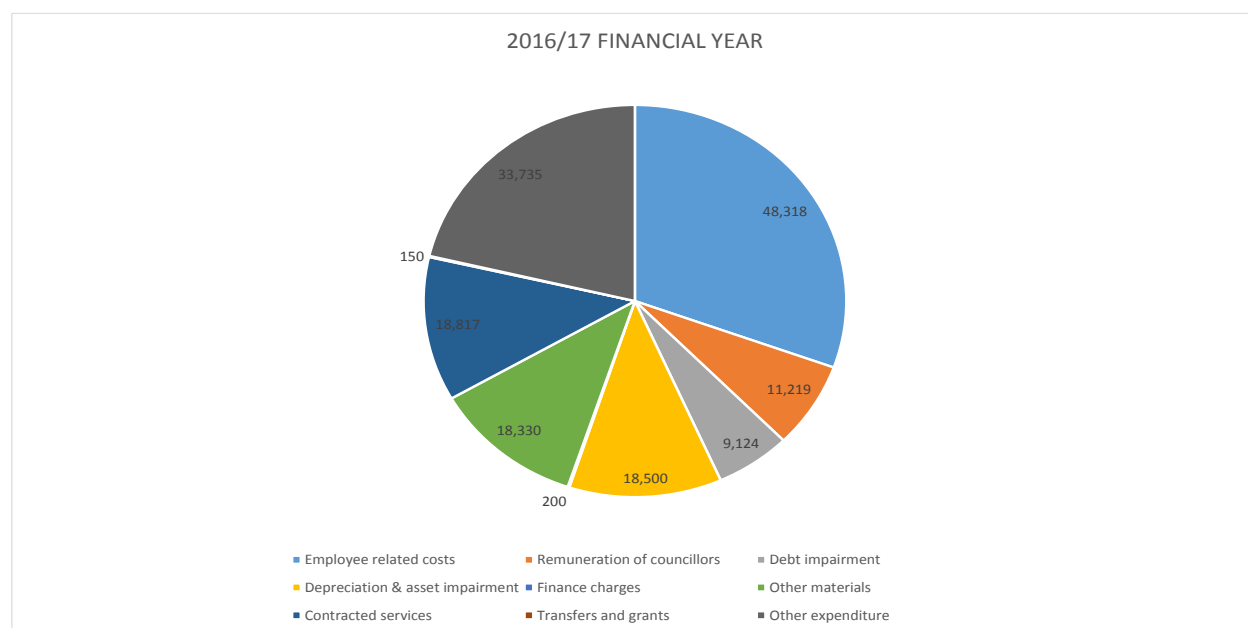
Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>										
Employee related costs	32,558	39,181	41,571	46,146	45,754	45,754	45,754	48,318	50,611	53,124
Remuneration of councillors	8,579	10,594	7,209	11,022	11,219	11,219	11,219	11,219	11,780	12,369
Debt impairment	6,436	12,139	8,077	8,617	8,517	8,517	8,517	9,124	9,581	10,060
Depreciation & asset impairment	11,014	13,134	16,287	16,520	16,520	16,520	16,520	18,500	19,425	20,396
Finance charges	978	1,077	1,151	442	442	442	442	200	210	221
Other materials	2,041	4,009	6,526	12,619	20,383	20,383	20,383	18,330	16,279	17,018
Contracted services	9,289	9,629	10,339	13,904	16,612	16,612	16,612	18,817	19,758	20,746
Transfers and grants	-	-	-	147	147	147	147	150	158	165
Other expenditure	20,804	29,325	20,939	25,840	28,591	28,591	28,591	33,735	35,442	37,212
Loss on disposal of PPE	-	1,494	37	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>91,699</b>	<b>120,582</b>	<b>112,137</b>	<b>135,257</b>	<b>148,185</b>	<b>148,185</b>	<b>148,185</b>	<b>158,395</b>	<b>163,243</b>	<b>171,311</b>





**Table 2.10.2 Percentage growth in expenditure by type.**
**KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description R thousand			2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>Expenditure By Type</b>								
Employee related costs	45,754	30.9%	48,318	30.5%	50,611	31.0%	53,124	31.0%
Remuneration of councillors	11,219	7.6%	11,219	7.1%	11,780	7.2%	12,369	7.2%
Debt impairment	8,517	5.7%	9,124	5.8%	9,581	5.9%	10,060	5.9%
Depreciation & asset impairment	16,520	11.1%	18,500	11.7%	19,425	11.9%	20,396	11.9%
Finance charges	442	0.3%	200	0.1%	210	0.1%	221	0.1%
Other materials	20,383	13.8%	18,330	11.6%	16,279	10.0%	17,018	9.9%
Contracted services	16,612	11.2%	18,817	11.9%	19,758	12.1%	20,746	12.1%
Transfers and grants	147	0.1%	150	0.1%	158	0.1%	165	0.1%
Other expenditure	28,591	19.3%	33,735	21.3%	35,442	21.7%	37,488	21.8%
<b>Total Expenditure</b>	<b>148,185</b>	<b>100%</b>	<b>158,395</b>	<b>100%</b>	<b>163,243</b>	<b>100%</b>	<b>171,586</b>	<b>100%</b>



**Employee Related Costs** for the 2016/17 financial year represent 31 percent of total operating expenditure and has increased by 6 percent totalling to R48.3 million when compared to the 2015/16 adjustment budget. The increase in Employee related costs relate to the prioritization of critical post that need to be filled by the Municipality. In addition expenditure against bonuses, Overtime and contributions was reduced, with provisions against this budget item only being provided for emergency services and other critical functions. Employee related costs for outer years, were increased by 5 percent respectively.

**The Remuneration of Councillors** budget is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of

Public Office Bearers Act, 1998 (Act 20 of 1998). Remunerations of Councillors budget provision remain flat in the 2016/17 as per MFMA Circular 78. 2017/18 and 2018/19 budget reflect an increase of 5 percent for both periods.

**The provision of Debt Impairment** is calculated based on an annual collection rate of 65 percent and prior trends and the Debt Write-off Policy of the Municipality. Debt Impairment has decrease by 7 percent when compared to the adjustment budget and for the outer years increase by 5 percent respectively. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering services of the municipality, as well as the municipality's realistically anticipated revenues.

**Provision for Depreciation and Asset Impairment** has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard total R18.5 million for the 2016/17 financial year represent 11 percent of total operating expenditure, this has increased by 5 percent when compared to the adjustment budget. For the outer years Depreciation and Asset Impairment budget has increase by 5 percent respectively.

**Finance charges** have decrease by 54 percent in the 2016/17 budget year when compared to the 2015/16 adjustment budget. The decrease is as a result of full and final the settlement of DBSA loan. The finance charges also relate to finance lease from ABSA, Wes Bank and operating lease from Nashua Zululand. For the outer years finance charge will increase by 5 percent respectively.

**Other Materials** comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials, etc. Other materials also relate to repairs and maintenance that will be done internally on roads. This budget has decreased by 10% percent in the 2016/17 budget period when compared to the 2015/16 adjustment budget. This has decrease by 11% and increased by 4 percent in the outer year. The increase is based on capital projects that were recently completed and old infrastructure facilities, hence the repairs and maintenance relates to the capital assets.

**Contracted Services** budget has increased by 5 percent in the 2016/17 financial year as compared to the 2015/16 adjustment budget. Contracted services comprise of security St Lucia, Security bodyguard, Asset protection for municipal facilities, maintenance of parks and garden, maintenance of townships and suburbs, Nordale Cleaning and Dump site. Budget on Contracted Services for 2017/18 and 2018/19 will increase by 5 percent respectively.

**Other Expenditure** comprises of various line items relating to the daily operations of the Municipality. Other expenditure have Increase by 15 percent in 2016/17 financial year when compared to the 2015/16 adjustment budget. For the outer years it has increase by 15 percent and 5 percent respectively. The table summarises the components of other expenditure by type.

**Table 2.10.3 components of other expenditure**

KZN275 Mtubatuba - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b>Other Expenditure By Type</b>										
Collection costs	287	254	—	492	567	567	567	568	596	626
Contributions to 'other' provisions	—	—	—	—	—	—	—	—	3,173	3,336
Consultant fees	1,227	8,100	—	3,745	5,990	5,990	5,990	5,150	5,408	5,678
Audit fees	1,794	2,100	—	3,140	3,040	3,040	3,040	3,081	3,235	3,397
General expenses	2,329	7,374	20,939	1,080	1,188	1,188	1,188	1,640	1,670	1,753
DBSA Loan Repayment	2,883	200	—	—	250	250	250	—	—	—
Refuse bags	29	3,223	—	—	1,040	1,040	1,040	1,000	1,050	1,103
IDP Expenditure	943	459	—	500	573	573	573	400	420	441
Fuel & Oil	761	968	—	1,040	860	860	860	1,100	1,155	1,213
Website hosting cost and IT services	—	750	—	500	1,200	1,200	1,200	1,150	1,208	1,268
Printing and Stationery	754	497	—	870	908	908	908	930	977	1,025
Disaster Management	2,428	430	—	200	1,284	1,284	1,284	1,850	1,943	2,040
Electricity	563	229	—	1,178	1,952	1,952	1,952	950	998	1,047
Telephone and fax	818	753	—	1,200	412	412	412	1,000	1,260	1,323
Subsistence & Travel	576	817	—	1,241	1,661	1,661	1,661	1,480	1,554	1,632
Consumable Stores	—	—	—	401	1,250	1,250	1,250	1,190	1,250	1,312
Rental of plant and equipment	354	26	—	3,041	1,500	1,500	1,500	300	315	331
Publicity and Advertising	200	604	—	1,000	1,140	1,140	1,140	800	840	882
Public Participation	155	—	—	340	650	650	650	400	420	441
Ward Committees	—	1,140	—	1,140	970	970	970	1,800	1,890	1,985
Uniforms and protective clothing	2	280	—	650	759	759	759	500	525	551
Legal fees	—	650	—	1,200	138	138	138	1,000	1,050	1,103
Licences and Insurance	—	71	—	229	625	625	625	821	862	905
Membership fees	105	—	—	138	250	250	250	1,119	1,194	1,253
Staff and Councillor Trainings	2,302	—	—	575	386	386	386	650	683	717
Maintenance Plan (CIP)	2,049	—	—	1,500	—	—	—	150	—	—
Special programmes	245	400	—	441	—	—	—	1,930	2,027	2,128
<b>Total 'Other' Expenditure</b>	<b>20,804</b>	<b>29,325</b>	<b>20,939</b>	<b>25,840</b>	<b>28,591</b>	<b>28,591</b>	<b>28,591</b>	<b>30,959</b>	<b>35,700</b>	<b>37,488</b>

**Table 2.10.4 General Expenses**

Description	2016/17	2017/18	2018/19
Bank Charges	300,000	315,000	330,750
Entertainment & Reception	80,000	84,000	88,200
LED Projects	50,000	52,500	55,125
Postage & Courier	60,000	63,000	66,150
Injury on Duty	50,000	52,500	55,125
Municipal Team Building	250,000	262,500	275,625
Job Evaluation	250,000	210,000	220,500
Study Assistance	100,000	105,000	110,250
Student Assistance	200,000	210,000	220,500
Learnerships	200,000	210,000	220,500
OHS Implementation	100,000	105,000	110,250
<b>Total</b>	<b>1,640,000</b>	<b>1,669,500</b>	<b>1,752,975</b>

## 2.11. Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Mtubatuba Municipal Indigent Policy. The target is to register 500 or more indigent households during the 2016/17 financial year, a process reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 2.12 Repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials for repairs. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 2.12.1 Repairs and maintenance per assets class**

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<i>Roads, Pavements &amp; Bridges</i>	2,041	4,009	1,748	5,000	9,002	9,002	8,600	6,930	7,277
<i>Storm water</i>			650	1,500	2,807	2,807	1,500	1,575	1,654
<i>Street Lighting</i>	-	-	400	1,000	500	500	1,500	1,575	1,654
Sportsfields & stadia	-	-	100	200	50	50	-	-	-
Community halls	-	-	-	850	1,531	1,531	2,500	3,018	3,093
Other	-	-	-	1,100	1,100	1,100	1,500	1,575	1,654
General vehicles			223	599	623	623	600	630	662
Computers - hardware/equipment			6		1	1	10	11	11
Furniture and other office equipment			220	420	150	150	-	-	-
Other Buildings			1,200	1,450	2,169	2,169	2,000	840	882
Other			1,680	500	2,500	2,500	120	126	132
<b>Total Repairs and Maintenance Expenditure</b>	<b>2,041</b>	<b>4,009</b>	<b>6,526</b>	<b>12,619</b>	<b>20,433</b>	<b>20,433</b>	<b>18,330</b>	<b>16,279</b>	<b>17,018</b>

For the 2016/17 financial year, 63 percent of total repairs and maintenance will be spent on infrastructure assets. Roads department has received a significant proportion of this allocation totaling 46 percent. Community Assets repairs amount to R4 million which is 21 percent of the total repairs and maintenance. Other Assets amounts to R 2.7 million or 14 percent of the total expenditure.

## 2.13. Budgeted Cash flow

KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			19,980	15,809	12,179	16,865	21,360	21,360	21,360	18,273	19,369	20,532
Service charges			3,121	2,572	2,957	4,965	3,552	3,552	3,552	3,607	3,823	4,053
Other revenue			2,767	3,221	7,072	3,306	2,948	2,948	2,948	3,636	3,854	4,086
Government - operating		1	54,436	66,869	91,532	125,711	124,711	124,711	124,711	127,839	140,761	148,868
Government - capital		1	27,790	35,173	29,525	30,000	23,600	23,600	23,600	42,788	48,820	42,435
Interest			455	517	761	2,128	2,431	2,431	2,431	2,450	2,597	2,753
Dividends			-	-		-	-	-	-	-	-	-
Payments												
Suppliers and employees			(72,659)	(88,943)	(96,617)	(108,146)	(117,984)	(133,799)	(133,799)	(127,909)	(135,584)	(143,719)
Finance charges			(978)	(1,077)	(1,151)	(442)	(442)	(442)	(442)	(200)	(212)	(225)
Transfers and Grants		1		-		(147)	(147)	(147)	(147)	(150)	(159)	(169)
NET CASH FROM/(USED) OPERATING ACTIVITIES			34,911	34,141	46,258	74,240	60,028	44,213	44,213	70,334	83,270	78,614
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			1,122	1,316	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets			(26,504)	(35,110)	(31,954)	(48,250)	(42,022)	(42,022)	(42,022)	(58,590)	(44,903)	(45,358)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(25,382)	(33,795)	(31,954)	(48,250)	(42,022)	(42,022)	(42,022)	(58,590)	(44,903)	(45,358)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			192	196	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			(2,088)	(1,280)	(1,354)	(1,250)	(1,250)	(1,250)	(1,250)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			(1,895)	(1,084)	(1,354)	(1,250)	(1,250)	(1,250)	(1,250)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			7,634	(738)	12,949	24,740	16,756	941	941	11,744	38,368	33,256
Cash/cash equivalents at the year begin:		2	(6,000)	1,633	895	4,743	13,183	13,183	13,183	14,124	25,868	64,235
Cash/cash equivalents at the year end:		2	1,633	895	13,844	29,483	29,939	14,124	14,124	25,868	64,235	97,492

Cash flow income was budgeted at prior trends and realistic anticipated revenue to be collected using different rates. Grants income was budgeted for at full amount. Cash flow for expenditure was budgeted at full amount except for Employee related cost because of vacant posts which may be filled later in the financial year. The net results of all total income less operational expenditure and capital expenditure amounts to a surplus at year end.

## 2.14. Draft budget plan and SDBIP plans internal-department

The annual budget and service delivery budget implementation plan were generated and would be attached as annexures.

## 2.15. Draft Budget and Services delivery agreements-Municipal entities and other external mechanisms

The municipality does not have the entities and no agreements were generated as a result.

## 2.16. Contract having future budgetary implication

The following table has contracts with future budgetary information. Note that these contracts are budgeted for in each year financial year because of other uncertainty like price escalation which some are negotiated each year.

**Table 2.16.1. Contract having future budgetary implication**

KZN275 Mtubatuba - Supporting Table SA32 List of external mechanisms

External mechanism	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation	Number			R thousand
LEMALWA TRADING	11/1/2016	INDLOVU VILLAGE PUBLIC TRANSPORT ROAD		R6 296 968.13
NHLANGULELA CONSTRUCTION	6/12/2015	Construction of Nkondibe-Nkombose Access Road		R1 696 408.00
MZIMKHULU TRADING ENTERPRISE	6/12/2015	Construction of Zwenelisha Market Stalls		R792 533.83
LUYEZA TRADING CC	6/12/2015	Construction of Mfekayi Pension Paypoint		R799 723.68
MAKHELENI CONSTRUCTION	6/12/2015	Road At Shunqa ward 17		R3 315 820.53
SELE AND MUSA TRADING AND TOURS	6/12/2015	Road At Mchakwini ward 11		R7 500 042.33
OFF CAMP TRADING	15/11/2014	KwaMsane Township Cleaning Services	15/11/2017	R85 000.00
ERNST & YOUTH ADVISORY (PTY) LTD	15/01/2015	Internal Auditor	15/01/2018	R1180000
REPUBLIC WATCH (PTY) LTD	15/11/2014	Security	31/01/2017	R125 000.00
UMFOLOZI MASIBAMBISANE	1/2/2014	St Lucia waste Collection and maintenance	20/02/2016	R75 171.99
INDWE RISK INSURANCE	15/02/2013	Provision of insurance services	30/06/2016	R202 658.00
NASHUA	1/6/2013	Lease Machines	31/01/2017	R148 375.34
AS & T PROTECTION SERVICES CC	1/2/2014	Security	28/02/2017	R149 850.00
INGONYAMA VIP SECURITY SERVICES	1/3/2014	Security	28/02/2017	R122 929.05
CAMELSA	1/3/2014	Fixed asset Register	2012/2013	R773 120.00
NTSHIDI & ASSOCIATES	15/05/2013	VAT and General Ledger Support	23/04/2016	R1 094 400.00
ADVENTURE TRAVEL	22/04/201	Travel Agent Services	28/02/2017	N/a
TOTAL MTUBA SERVICE	1/2/2014	Petrol Garage	01 January 2018	N/A
REPUBLIC WATCH (PTY) LTD	11/3/2013	Security	30/08/2016	R21 600.00
DOLPHINE COAST	1/1/2015	NORDALE WASTE DISPOSAL SITE	42867	R140 000.00
SIBAYA ASPHALTING & ZT CIVIL & CONSTRUCTION	1/9/2015	Urban Roads Maintenance & rehabilitation 24 months		R288 420.00

## 2.17. Capital expenditure

The following table provides a breakdown of capital expenditure for the 2016/17 by vote.

**Table 2.17.1 Medium Term Capital Expenditure per vote**

# MTUBATUBA LOCAL MUNICIPALITY- BUDGET FOR 2016/17 FINANCIAL YEAR

KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure - Vote</b>										
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	1,800	-	-
Vote 2 - Budget and Treasury	-	-	-	-	-	-	-	200	-	-
Vote 3 - Corporate Services	850	379	857	900	1,603	1,603	1,603	1,050	1,103	1,158
Vote 4 - Community Services	1,081	795	1,439	8,000	3,500	3,500	3,500	3,430	1,900	1,200
Vote 5 - Planning and Economic Development	-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads	29,529	33,992	29,620	27,200	27,982	36,482	36,482	49,460	41,900	43,000
Vote 7 - Public Safety	-	-	-	5,000	737	737	737	650	-	-
Vote 8 - Solid Waste	-	-	-	7,150	8,200	8,200	8,200	2,000	-	-
<b>Capital single-year expenditure sub-total</b>	<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>
<b>Total Capital Expenditure - Vote</b>	<b>31,459</b>	<b>35,165</b>	<b>31,915</b>	<b>48,250</b>	<b>42,022</b>	<b>50,522</b>	<b>50,522</b>	<b>58,590</b>	<b>44,903</b>	<b>45,358</b>

In 2016/17 an amount of R49.5 million has been appropriated for Roads Infrastructure of which it represents 84 percent of the total capital budget. In the outer years this amount totals R41.9 million; 93 percent and R43.0 million 94.8 percent respectively. The remaining 15 percent of the capital budget will be utilized by Executive, Budget and Treasury, Corporate Services, Public Safety and Solid Waste Department. For details of the capital expenditure is found on supporting table SA34A, SA34B of the A Schedule.

The 2016/17 medium term capital expenditure comprises of the following:

➤ Infrastructure roads	R14 500 000
➤ Electricity Reticulation	R14 000 000
➤ Community assets halls	R13 200 000
➤ Sport fields	R 3 500 000
➤ Motor Vehicles	R 3 450 000
➤ Buildings	R 2 500 000
➤ Plant and Equipment	R 1 880 000
➤ Computer Equipment	R 800 000
➤ Kick-about	R 600 000
➤ Cemetery Fencing KwaMsane	R 500 000
➤ Plant and Equipment	R 500 000
➤ St. Lucia Ablution Facility	R 450 000
➤ Zamimpilo Market, Public lighting and signage	R 400 000
➤ Office Equipment	R 300 000
➤ Furniture and Fittings	R 300 000
➤ Indoor Gym Equipment	R 360 000
➤ Speed Camera	R 350 000
➤ Weigh bridge	R 350 000
➤ Module Library	R 300 000
➤ Mtuba Town Beautification	R 300 000
➤ Skip bins	R 300 000
➤ Inkosi Mtubatuba Stature upgrade	R 150 000
➤ Water harvesting and garden support	R 100 000
	<b><u>R 58 590 000</u></b>



The following department do not have Capital Expenditure

- Planning Department

## 2.18. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 45 interns through this programme and a majority of them were appointed either in Mtubatuba Municipality or other municipalities.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2016/17 MTREF in June 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. An amendment of the Municipal Property Rates Regulations as published in was announced in Government Gazette 37922 on 18 August 2014.

The SCM policy was also amended to incorporate all supply chain management reforms as advised by National Treasury e.g. Central Data Base. The ratios as prescribed in the Regulations have been complied with.

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- Budget Policy
- Supply Chain Management Policy
- Property Rates Policy
- Tariff Policy



- Credit Control & Debt Collection Policy
- Leave Policy
- Human Resources Training & Development Policy.
- Virement Policy
- Banking, Cash Management and Investment Policy
- Overtime Policy
- Asset Management Policy
- Credit Impairment
- Asset Disposal policy
- Indigent Policy
- Subsistence & Travel Policy
- Cellphone Policy
- Acting Allowance

## **2.19. Other Supporting documents**

Other supporting documents will be attached as annexures.

## **2.20. Draft budget of Municipal entities attached to the municipal annual budget**

The Municipality has no entity hence no supporting attachment will be made for entity.

## **2.21. General Item**

- National Treasury has promulgated the Municipal Standard Chart of Account (SCOA) which will take effect from 1 July 2017. Mtubatuba Local Municipality is busy with the conversion of current accounts to be aligned with new business reform.

## 2.22. Municipal manager's quality certificate



I ....., municipal manager of Mtubatuba Local Council, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **NONHLANHLA QHUBEKILE MZIMELA**

Municipal manager of Mtubatuba Local Municipality (KZN275)

Signature \_\_\_\_\_

Date \_\_\_\_\_